



## SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 29 October 2010 under the laws of the Republic of Singapore)

### SABANA INDUSTRIAL REIT PRICES S\$100 MILLION 5-YEAR 4.15 PER CENT SUSTAINABILITY-LINKED BONDS DUE 2029, UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY CREDIT GUARANTEE AND INVESTMENT FACILITY, A TRUST FUND OF THE ASIAN DEVELOPMENT BANK

- Debut sustainability-linked bond priced competitively at 4.15 per. cent per annum under Sabana Industrial Real Estate Investment Trust (“**Sabana Industrial REIT**” or the “**REIT**”)’s first partnership with Credit Guarantee and Investment Facility (“**CGIF**”)
- The payment obligations of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Sabana Industrial REIT) (the “**Issuer**”) under the bonds and the bond trust deed are unconditionally guaranteed by CGIF, a trust fund of the Asian Development Bank, rated AA by Standard & Poor’s, to the extent of, and in accordance with and subject to the terms of, such guarantee
- Post-bond issuance, weighted average debt to maturity of the REIT will lengthen to 3.5 years on a pro forma basis, while the proportion of total borrowings on fixed rates will increase to 80.1%
- Committed to minimise its environmental impact and focus on its Sustainability Performance Target (“**SPT**”)
- Aligned with the REIT’s goal of becoming one of Singapore’s first carbon-neutral industrial REITs by 2040

**Singapore, 18 June 2024** – Sabana Real Estate Investment Management Pte. Ltd., the manager of Sabana Industrial REIT (the “**REIT Manager**”), today announced that it has successfully launched and priced S\$100 million in aggregate principal amount of 5-year senior unsecured Sustainability-Linked Guaranteed Bonds due 2029 (the “**Bonds**”). The Bonds will be the first Singapore dollar-denominated CGIF-guaranteed sustainability-linked bonds in Asia, the first listed CGIF-guaranteed bonds aligned to the ASEAN Sustainability-Linked Bond Standards and the first CGIF-guaranteed bonds issued by an industrial REIT in Asia. CIMB Bank Berhad, Singapore Branch has been appointed as the sole global coordinator for the issue of the Bonds, whilst CIMB Bank Berhad, Singapore Branch and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch have been appointed as the Joint Lead Managers/ Bookrunners and Joint Sustainability Linked Bond Structuring Advisors for the issue of the Bonds.

The Sustainability-Linked Guaranteed Bonds were successfully placed with institutional/accredited investors at a competitive coupon rate of 4.15% p.a..

The payment obligations of the Issuer under the Bonds and the bond trust deed will be unconditionally and irrevocably guaranteed by CGIF, a trust fund of the Asian Development Bank, which is rated AA by Standard & Poor’s (“**S&P**”)¹, to the extent of, and in accordance with and subject to the terms of, such guarantee. The Bonds are expected to be rated AA by S&P.

The net proceeds from the issue of the Bonds will be used by the Issuer for capital expenditures, encompassing the acquisition of new property(ies) and/or asset enhancement initiatives for existing properties owned by the group, and for the refinancing of existing term loans (including loans made by the Joint Lead Managers).

Post-bond issuance, on a pro forma basis as at 31 March 2024, Sabana Industrial REIT’s weighted average tenor of borrowings will lengthen to 3.5 years compared to 2.7 years as at 31 March 2024. Hedge ratio will increase to 80.1% post-bond issuance compared to the 51.8% as at 31 March 2024. The REIT has no refinancing requirements until 2026.

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¹ 100% unconditional guarantee of the payment obligations of the Issuer under the bonds and the bond trust deed, to the extent of, and in accordance with and subject to the terms of, such guarantee .

**Mr Donald Han, Chief Executive Officer of the REIT Manager said,** *“We are pleased with the strong vote of confidence from investors in our first sustainability-linked bond issue, a clear signal of the market’s positive reception towards the REIT’s sustainability plans. This serves to expand our capital financing options, and will enable the REIT to meet our target to convert all financing facilities into sustainability-linked or green loans by 2025. Our raising of capital through debt financing is also aligned with the REIT’s prudent capital management approach.*

*“We remain committed to achieving sustainability and are continuing with our efforts to implement solar panel installations across selected portfolio assets. By 4Q 2024, the majority of our multi-tenanted properties will be powered by renewable energy. The REIT is well on track to achieve our goal of becoming one of Singapore’s first carbon-neutral industrial REITs by 2040.*

*“We wish to thank CGIF and our Joint Lead Managers (CIMB and HSBC) for their support of this deal to diversify our funding sources.”*

**Mr Hongwei Wang, Chief Executive Officer of CGIF said,** *“CGIF is very thrilled to support Sabana Industrial REIT’s strong ESG-initiatives, including the issuance of the sustainability-linked bond under ASEAN and ICMA Standards. This issuance is a new milestone for CGIF, representing the first-ever sustainability-linked bond in our portfolio and our commitment to our mandate to support thematic bonds in the region. With the partnership from the Joint Lead Managers (CIMB and HSBC), through risk-sharing, CGIF underscores the developmental impact of this deal by allowing Sabana Industrial REIT to extend its weighted average maturity and diversify funding sources.”*

## **Commitment to Sustainability**

In alignment with sustainability-linked bond principles, Sabana Industrial REIT has committed to minimise its environmental impact and focus on its SPT i.e. reduction in Absolute Scope 2 GHG Emission. Failure to meet this SPT during the specified period will result in a coupon step-up for the Bonds, payable by Sabana Industrial REIT.

Sabana Industrial REIT has put in place various strategies which will allow it to achieve its SPT as outlined below:

### **30% Absolute Reduction of Scope 2 GHG emission by 2028 (from 2023 baseline)**

Sabana Industrial REIT partnered with Keppel EaaS, a wholly-owned subsidiary of Keppel Infrastructure, to implement and jointly execute decarbonisation solutions, which include the installation of solar panels across nine portfolio properties. Upon completion, these properties will collectively have a total installed capacity of 7.1 Megawatt peak and are able to produce over 8,400 Megawatt hours per year.

Other initiatives that have been put in place include the upgrading of building equipment at 508 Chai Chee Lane and the replacement of all common area lighting to LED across selected multi-tenanted properties. The REIT Manager will continue to implement energy conservation measures to reduce energy consumption, including the upgrading of existing M&E equipment at selected aged portfolio properties to more efficient equipment.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the **“SGX-ST”**) for the listing and quotation of the Bonds on the SGX-ST. Approval in-principle from, admission to the Official List of, or listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, Sabana Industrial REIT, the REIT Manager, CGIF, their respective subsidiaries or associated companies (if any), or the Bonds.

## **Quality Portfolio**

Sabana Industrial REIT has a diversified portfolio of 18 industrial properties which enjoy strong connectivity owing to their close proximity to expressways, commercial nodes and public transportation nodes including MRT stations and bus stops.

The REIT recorded higher portfolio valuation of \$903.9 million as of 31 December 2023 for its diversified portfolio of 18 properties, compared to \$885.7 million a year ago. The valuation uplift can be attributed to asset enhancement initiatives, asset rejuvenation and higher signing rents for both new and renewed leases across the portfolio.

As at 31 December 2023, overall portfolio occupancy rate was 91.2%, unchanged from a year ago while weighted average lease expiry (“**WALE**”) by gross rental income remained stable at 3.0 years, with long underlying land leases averaging 27.4 years by GFA.

For FY2023, Sabana Industrial REIT executed a total of 80 new and renewed leases totalling 0.96 million sq ft, representing approximately 26.9% of total NLA of 3.5 million sq ft. Notably in 2H 2023, the REIT Manager secured new tenants to replace a major anchor tenant at 34 Penjuru Lane prior to the anchor tenant’s lease expiry, and also renewed an anchor tenant lease at 508 Chai Chee Lane. Tenant retention rate stood at 65.6% for FY2023. Of the expired leases in FY2023, 87.5% were renewed and/or replaced by the REIT Manager.

The REIT achieved positive rental reversion of 16.6% in FY 2023, following consecutive positive rental reversions of 10.5% and 12.9% in FY2021 and FY2022 respectively. Overall, a healthy rental collectability of 99.8% was attained as of 31 December 2023.

#### **Disclosure Pursuant to Rule 704(31) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”)**

The guarantee provided by CGIF is unconditional and irrevocable, to the extent of, and in accordance with and subject to the terms of, such guarantee.

The resignation or removal of the REIT Manager in accordance with the terms outlined in the REIT Trust Deed (as defined in the Trust Deed) will not in itself constitute an event of default under the Bonds on the basis that a replacement or substitute manager of Sabana Industrial REIT is appointed in accordance with the terms of the REIT Trust Deed or any relevant order(s) passed by a court of law in Singapore concerning the manager of Sabana Industrial REIT.

Should there be an event of default under the Bonds, CGIF may at its discretion require the Issuer to redeem the Bonds in whole (but not in part) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption.

Additionally, there will be no event of default under the Reimbursement and Indemnity Agreement between the Issuer and the CGIF if there is a Change of Control<sup>2</sup> in a manner or to an extent which would result in a material adverse effect (as defined in the Reimbursement and Indemnity Agreement), if CGIF provides its written consent to such Change of Control within the stipulated review period.

Should there be an event of default under the Reimbursement and Indemnity Agreement, CGIF may specify additional undertakings with which it requires the Issuer to comply, enforce any of the security interests granted by the Issuer in favour of CGIF, require the Issuer to pay an increased guarantee fee, or require the Issuer to provide or procure the provision in favour of CGIF of additional credit support in the form of guarantees, standby letters of credit, security, additional cash or other forms of collateral acceptable to Guarantor, subject to the terms of the Reimbursement and Indemnity Agreement.

It is also a review event under the SBLC Facility Agreement if (i) ESR Cayman Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent. of the issued share capital of the REIT Manager, (ii) the REIT Manager ceases to be the manager of Sabana Industrial REIT and/or (iii) Sabana Property Management Pte. Ltd. ceases to be the property manager of Sabana Industrial REIT, in each case, without the prior consent in writing of the Lenders (as defined in the SBLC Facility Agreement) (such consent not to be unreasonably withheld or delayed) (“**Review Event**”).

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<sup>2</sup> “Change of Control ” (as defined in the Reimbursement and Indemnity Agreement) means (i) ESR Group Limited ceases to hold, whether directly or indirectly, at least 50.1 per cent of the issued share capital of the REIT Manager; or (ii) the REIT Manager ceases to be manager of Sabana Industrial REIT

If a Review Event occurs, the Issuer may be unable to utilise the SBLC Facility Agreement and if Sabana Industrial REIT and the Lenders fail to agree on any amendments to the terms arising from the Review Event within a period of not more than 30 days (or such longer period as the Lenders may agree) beginning from the earlier of (a) the occurrence of the Review Event and (b) the date on which the Lenders receives the notification from the Issuer regarding the occurrence of the Review Event (the "**Review Period**"), the total commitments under the SBLC Facility Agreement may be cancelled and become due and payable within seven Business Days (as defined in the SBLC Facility Agreement) of the end of the Review Period.

This news release shall be read in conjunction with the Pricing Announcement which is released on the SGXNet and the REIT's corporate website at <https://sabana.listedcompany.com/newsroom.html>.

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**For enquiries, please contact:**

**Sabana Real Estate Investment Management Pte. Ltd.**

Ms Low Hooi Hoon

Tel: +65 6580 7857

Email: [hooihoon.low@sabana.com.sg](mailto:hooihoon.low@sabana.com.sg)

**Citigate Dewe Rogerson**

Ms Chia Hui Kheng/ Ms Dolores Phua/ Ms Louise Lim

Tel: +65 6534 5122

Email: [sabana@citigatedewerogerson.com](mailto:sabana@citigatedewerogerson.com)

**Sabana Industrial REIT**

Sabana Industrial REIT was listed on the SGX-ST on 26 November 2010. As at 31 December 2023, Sabana Industrial REIT has a diversified portfolio of 18 quality properties with a total gross floor area of approximately 4.2 million square feet in Singapore, in the high-tech industrial, warehouse and logistics, chemical warehouse and logistics, as well as general industrial sectors. The total assets of the Group amount to more than S\$1.0 billion as at 31 December 2023. Sabana Industrial REIT is a constituent of the SGX S-REIT Index and MSCI Singapore Micro Cap Index.

Sabana Industrial REIT is managed by Sabana Real Estate Investment Management Pte. Ltd. (in its capacity as the manager of Sabana Industrial REIT) in accordance with the terms of the trust deed dated 29 October 2010 (as amended, varied or supplemented from time to time). Sabana Industrial REIT is a real estate investment trust constituted on 29 October 2010 under the laws of Singapore.

For further information on Sabana Industrial REIT, please visit [www.sabana-reit.com.sg](http://www.sabana-reit.com.sg).

**About CGIF**

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("**ASEAN**") members, China, Japan, Korea ("**ASEAN+3**") and Asian Development Bank ("**ADB**"). It is established as a trust fund of ADB with paid-in capital of USD1,158 million from its Contributors. As a key component of the Asian Bond Markets Initiative ("**ABMI**"), CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

Also, as a contributor to CGIF, ADB acts as the Secretariat to ABMI, and has long worked with ASEAN+3 policymakers to establish the ASEAN+3 Multi-Currency Bond Issuance Framework ("**AMBIF**"). The ABMI, CGIF, and

AMBIF were established to support development of active long term local currency bond markets so borrowers can avoid the currency and maturity bond mismatches that caused the 1997-1998 Asian Financial Crisis.

### **Important Notice**

The value of units in Sabana Industrial REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the REIT Manager, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Sabana Industrial REIT, or any of their respective affiliates.

An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the REIT Manager redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.